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SUBJECT: DEVELOPMENT IN THE NORTHERN MEKONG DELTA: AMBASSADOR'S VISIT TO TIEN GIANG, BEN TRE AND TRA VINH PROVINCES

REF: 05 HCMC 891; B) HCMC 447

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¶11. (SBU) Summary: The Ambassador visited Tien Giang, Ben Tre and Tra Vinh provinces May 3-5. All three neighboring provinces face similar challenges in improving transport infrastructure, boosting competitiveness and finding new sectors for growth. Ben Tre appears to have progressed furthest, largely because of the leadership of its People's Committee Chairman. Tien Giang officials described their efforts to contain the spread of Avian Influenza and to combat trafficking in persons. The Ambassador cautioned against trying to copy HCMC and urged provincial leaders to seek their own areas of competitive advantage. He also warned provincial leaders not to take for granted recent relatively fast GDP growth; they will continue to export people rather than goods, unless they grow faster than HCMC. The Ambassador also urged the provinces to begin teaching about sex and HIV prevention in the secondary schools, lest they lose the war against HIV/AIDS. End Summary.

Visiting the Northern Mekong Delta

¶12. (SBU) From May 3 to May 5, the Ambassador visited Tien Giang, Ben Tre and Tra Vinh provinces, three poor and densely populated provinces in the northern Mekong Delta. Although they have enjoyed above-average growth in recent years, Tien Giang, Ben Tre and Tra Vinh have annual per capita GDP well below the national average of USD 640, at USD 475, 450 and 400 respectively. (The poorest, Tra Vinh, lies furthest from the bright lights and booming economy of HCMC.) In addition to meeting with the People's Committee Chairmen, the Ambassador met with education, health and development experts and visited state-owned and private businesses. In Ben Tre, the Ambassador toured a USAID-funded cocoa development project and visited an orphanage.

Tien Giang - Banking on Proximity to HCMC

¶13. (SBU) Tien Giang People's Committee Chairman Nguyen Huu Chi told the Ambassador that he is shifting Tien Giang's economic focus from agriculture to industry, tourism and education. The Chairman believes this change will allow the province to take advantage of soon-to-be completed transportation links with HCMC that will cut travel time from two hours to forty minutes. (Centrally-funded infrastructure improvements scheduled for completion in 2007 include one of the longest bridges in Vietnam and a new express highway.) The province is developing a second industrial park to take advantage of the new infrastructure. Tien Giang plans to launch tourism campaigns to attract domestic and foreign visitors.

Avian Influenza in Tien Giang

14. (SBU) The Chairman and health officials reviewed the province's efforts to control Avian Influenza (AI). Tien Giang was one of the hardest hit provinces during the AI outbreak of 2003-04. Under a Prime Ministerial directive in 2005, Tien Giang was one of two provinces in Vietnam to pilot poultry vaccination (ref A). Following a 70 percent cull of poultry stocks, the province vaccinated remaining chickens and ran a public outreach campaign on AI (partially funded by USAID). There have been no confirmed cases of AI in poultry in Tien Giang since April 2005. However, health officials said they are fighting complacency among small poultry growers and remain concerned that blood samples for potential AI cases need to be sent to the Pasteur Institute in HCMC. The province has only 1,000 tablets of Tamiflu on hand to administer to health workers and patients in the initial phase of an emergency.

HIV/AIDS and Trafficking in Persons

15. (SBU) The Ambassador urged Chairman Chi to focus education on HIV/AIDS in secondary schools and to combat personally discrimination of people with HIV. Chairman Chi said that most HIV positive victims in Tien Giang contracted HIV working in HCMC and then returned to Tien Giang for treatment.

16. (SBU) In response to a question about trafficking in persons (TIP), the Chairman said that in 2003 and 2004 "large numbers" of women from Tien Giang married Taiwanese men. While marriage is a personal decision that does not involve the province, he is keen to avoid "troubling cases such as Vietnamese girls marrying old and infirm wheelchair bound Taiwanese men." To help prevent trafficking, the province has launched an information campaign for women. The province also has focused on developing vocational skills to reduce the economic necessity of Vietnamese marrying foreigners or moving overseas to work. The Ambassador warned the Chairman that as Tien Giang is drawn closer into

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HCMC's economic orbit, the province will face greater exposure to "big city problems" such as HIV/AIDS, sexual exploitation and TIP.

Tien Giang University

17. (SBU) Acting Rector of Tien Giang University, Ngo Tan Luc, told the Ambassador that the school was founded in June 2005 to help the province to develop its local talent and to attract students from other provinces. The school has 4,500 students enrolled and plans to increase enrollment to 10,000 by 2015. The Ambassador held a question and answer session with 300 enthusiastic students. In addition to answering their well-informed questions about the bilateral relationship, he urged them to study English as a key to the world economy and for future study opportunities in the United States.

Ben Tre: Most Enlightened in the Mekong?

18. (SBU) Ben Tre People's Committee Chairman Cao Tan Khong, is a former professor with a doctorate in economics. He told the Ambassador that his principal focus is to increase wealth and eradicate poverty in the province. Khong wants to use market mechanisms to attract foreign investment. By the end of 2006, all state-owned enterprises in the province will be equitized, he declared. The one exception will be the provincial lottery company, which the chairman plans to keep as an SOE to prevent excessive gambling.

19. (SBU) The Chairman stressed his attention to combating corruption and making investment transparent. Calling corruption "a disease that will cause the people to lose faith in government," the Chairman has directed all provincial

government agencies to make transparent to the public how revenue is collected and used. The head of every provincial agency is required to document how the agency is using its money. To show the province that he is putting the public interest at the top of his agenda, the Chairman has publicized his personal phone number so that investors and the public can contact him. The Chairman also stressed his support for the USG-supported cocoa-sector development project and said that he wanted Ben Tre's cocoa output to grow as quickly as possible.

¶10. (SBU) As in Tien Giang, Ben Tre is developing its transport infrastructure to better link it with HCMC and the rest of the Mekong Delta. Two major bridges are under construction at a projected final cost of 1,100 billion VND (USD 69 million). Sixty percent of the cost will be borne by the national government, with Ben Tre, Tien Giang and Tra Vinh provinces sharing the rest. In preparation for the expected increase in traffic, the province has paved an additional 800 kilometers of local roads and built over 1800 small bridges.

¶11. (SBU) Chairman Khong said he is focusing on creating jobs, improving education, and attracting talented people to the province. The province has an English teacher training school and also sends teachers to Singapore for further training. According to Khong, Ben Tre has the highest percentage of university students in Vietnam. With more than 80 percent of its university-bound students studying in HCMC, the province used its own money to build a dormitory for its students there. It also provides academic stipends for many poorer students. Khong claimed that Ben Tre has successfully attracted young people with bachelor's degrees from the rest of Vietnam.

Cocoa: A Big Part of Ben Tre's Future

¶12. (U) In Ben Tre, the Ambassador visited a cocoa project run by U.S. nonprofit ACDI/VOCA under a USAID-funded public/private partnership program (ref B). Ben Tre ranks second in Vietnam in cocoa with 27 percent of total production. International confectionary companies have targeted Vietnam as a major new source of cocoa. ACDI/VOCA projects that, by 2010, Vietnam will export over 14,000 tons of cocoa beans.

¶13. (U) ACDI/VOCA representatives said the average participating farmer invests USD 850 over the first two years and begins to break even in year three when the plants mature. Each hectare of cocoa yields USD 2,000 per year at current market prices, and the plant grows well under the shade of coconut trees. In 2005, 1,680 farmers participated in the project and ACDI/VOCA believes this will double in 2006. Ben Tre has a high water table which should allow year round production; an advantage over other cocoa producing areas. Commercial harvest in Ben Tre should begin later this year.

¶14. (U) The Ambassador also toured a Cargill cocoa bean buying

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station. Although Ben Tre is not yet producing cocoa beans commercially, Cargill opened the facility in 2004 to send a message to farmers that there would be a real market so they could invest. Cargill officials noted that the beans they have already purchased in Vietnam (12 tons - from Dak Lak province) are a very high standard and they are ready to purchase whatever is produced in Ben Tre. Cocoa beans purchased by Cargill in Vietnam are shipped to a Cargill facility in the Netherlands where it is processed into cocoa butter and cocoa powder. These products are then sold to Masterfoods Inc. (a division of Mars Inc.), the world's largest cocoa buyer.

Tra Vinh: Baby steps

¶15. (U) Tra Vinh People's Committee Chairman Tran Hoan Kim said that aquaculture is the fastest growing sector in his province. Tra Vinh has about 40,000 hectares of water surface in use for aquaculture, including 20,000 ha at the Dinh An seaport which

Chairman Kim called the largest shrimp plain in the Mekong Delta. Tra Vinh estimates that it can expand aquaculture to 70,000 ha. Kim added that he is seeking to diversify from rice, coconuts, sugar cane and fruit into large-scale commercial animal husbandry. The province is promoting production of beef cattle and currently has 120,000 head of cattle and 400,000 pigs. The province has created preferential policies for large farms, hoping to generate sufficient animals for processing and exporting. Kim also told the Ambassador that Tra Vinh would like to develop its tourism industry. In addition to the 1,000 year-old Ang Pagoda and other historical sites, he believes that the province boasts a number of potential beach and island sites suitable for ecotourism. The province is also seeking investors to develop two tourist resorts.

¶16. (U) Transportation remains a significant challenge for Tra Vinh. Although only 200 kilometers from HCMC, the region's narrow congested roads and many ferry crossings make the journey to Tra Vinh a four-hour trip by road. The province has been pushing the national government to upgrade its three national highways. Recent press reporting indicates that the work, managed by the corruption-plagued PMU-18, may be substandard.

¶17. (SBU) The Ambassador emphasized that improving infrastructure is vital and a prerequisite for Tra Vinh to seize other opportunities. He urged Chairman Kim to focus on areas in which Tra Vinh has a competitive advantage, such as in aquaculture and animal husbandry. By becoming a market leader in these promising areas, Tra Vinh should also be able to attract investors in food processing and related fields. The Ambassador also urged Chairman Kim to focus on attracting Vietnamese domestic investors from HCMC and Hanoi, or Viet Kieu with ancestral ties to Tra Vinh, and not try to compete with Hanoi, HCMC or Danang to attract foreign investors.

¶18. (SBU) Comment: All three provincial leaders sought to portray themselves as reformers and welcoming of foreign investment. However, only Chairman Khong from Ben Tre was able to talk in detail - and back up with specifics - about his plans for administrative reform and the introduction of market principles. While Chairman Khong would like to assistance from central government, he appears to recognize that his province must first help itself. End Comment.

Bio Notes

¶19. (U) Tien Giang People's Committee Chairman Nguyen Huu Chi was born in 1957 in My Tho City, Tien Giang. He holds a bachelor degree in economics and finance and an advanced degree in politics. Before becoming Chairman in 2002, he was Manager of the Planning Department of Tien Giang Vegetables and Fruits Company; Deputy Director of the Trade Department of Tien Giang Province; Deputy Head of the Provincial Party Committee's Commission on Organizational Affairs; Secretary of My Tho City People's Committee; and Chairman of the Provincial People's Committee. Chi was re-elected Deputy Party Secretary in December 2005. He is married and speaks English. Chi told the Ambassador that he regularly listens to VOA in English.

¶20. (U) Ben Tre Chairman Cao Tan Khong was born in 1958 in My Thanh Commune, Ben Tre Province. He holds a Ph.D. in economics and an advanced degree in political science. Khong was promoted to Chairman in 2003. Before that, he was the First Vice-Chairman in charge of economic affairs. Khong was re-elected Deputy Secretary of Ben Tre Province Party Committee in November 2005. Chairman Khong is married and speaks some English.

¶21. (SBU) Tra Vinh Chairman Tran Hoan Kim was born in Long Toan Commune, Tra Vinh in 1952. He was re-elected Deputy Secretary

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by the provincial Party Congress in November 2005. He was first selected Deputy Secretary and People's Committee Chairman in 2003. He has a bachelor's degree in economics from the Economic

University in HCMC and an advanced degree in politics. Prior to his promotion to Chairman, Kim was First Vice-Chairman of the Tra Vinh Province People's Committee in charge of economic affairs, finance, commerce and foreign economy.

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